

**MISSOURI REAL ESTATE COMMISSION,**  
**Petitioner,**  
**v.**  
**LAURA J. RITTER,**  
**AND**  
**RGC PROPERTY MGT. GROUP, LLC,**  
**Respondents.**

<sup>1</sup> All statutory references are to the Revised Statutes of Missouri, as amended, unless otherwise indicated.

**I.**  
**FINDINGS OF FACT**

1. The Missouri Real Estate Commission (“MREC”) is an agency of the State of Missouri created and existing pursuant to § 339.120, RSMo, for the purpose of executing and enforcing the provisions of §§ 339.010 to 339.180 and §§ 339.710 to 339.860, RSMo, and the regulations promulgated thereunder, relating to real estate salespersons and brokers.

2. The Respondent, Laura J. Ritter, is licensed by the MREC as a real estate broker associate, license numbers 2002030915 and 2006011043, and said licenses were current and active at all times relevant to this proceeding.

3. RGC Property Mgt. Group, LLC (“RGC”) holds a real estate association license from the MREC, license no. 2006011049. At all times relevant herein, RGC Property Mgt. Group, LLC’s license has been active and current.

4. On or about September 26, 2010, Ritter and RGC signed a Settlement Agreement Between Missouri Real Estate Commission and Laura J. Ritter and R.G.C. Property Management Group, LLC (“Settlement Agreement”) agreeing to place their respective licenses on probation for a period of three (3) years. The Settlement Agreement became effective on November 4, 2010, fifteen days after the Settlement Agreement was fully executed, as signified by the signature of the Executive Director of the MREC.

5. On November 4, 2010, pursuant to Part II of the Settlement Agreement with the MREC, Ritter’s and RGC’s licenses were placed on three (3) years probation in which Ritter and RGC were required to allow the MREC to conduct an examination and re-audit of the real estate records of Ritter and RGC within six (6) months of the effective date of this Settlement Agreement.

6. In July and August of 2011, the MREC conducted a subsequent audit of RGC and Ritter's real estate practice as required by paragraph 35(A) of the Settlement Agreement, which states:

Ritter and RGC shall allow the MREC to conduct an examination and re-audit of the real estate records of Ritter and RGC within six months of the effective date of this settlement agreement. The re-audit will cover the period of the prior audit(s) that are the subject of this Settlement Agreement and the period since the end of the prior audit period. The purpose of the re-audit will be to assure that Ritter and RGC have corrected the deficiencies and violations discovered and noted in the examination and audit of RGC for the period of August 2008 through September 2009 and to evaluate their compliance with all relevant provisions of Chapter 339, RSMo, as amended, all rules and regulations duly promulgated thereunder, and all local, state, and federal laws since the end of the prior audit period. The MREC reserves the right to proceed on any uncorrected deficiencies and violations from the August through September 2009 audit.

7. Part II, paragraph 35 H of the Settlement Agreement states:

Ritter and RGC shall comply with all relevant provisions of Chapter 339, RSMo, as amended, all rules and regulations duly promulgated thereunder, all local, state, and federal laws. "State" as used herein includes the State of Missouri and all other states and territories of the United States.

8. Part II, paragraph 40 of the Settlement Agreement provides:

If any alleged violation of this Settlement Agreement occurred during the disciplinary period, the parties agree that the MREC may choose to conduct a hearing before it either during the disciplinary period or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. Ritter and RGC agrees and stipulates that the MREC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

9. As to all allegations, Laura Ritter testified as to the nature and scope of her business, her relationship with her business partner and a pending lawsuit between her and her business partner. Ritter also testified as to the measures she has taken in resolving issues identified in the audit, including a complete restructuring of her books by a CPA costing her

approximately \$15,000, and the changes she has made in her business practices going forward. Ritter testified regarding the funds that she has in escrow for which she and the auditors have been unable to identify proper ownership due to a lack of a paper trail at the time. Ritter also explained her understanding of the requirements at the time this all took place in an attempt to explain how these things happened and that she had no nefarious intent. Ritter further testified that she has advised each of her owner/clients regarding this matter and the issues involved and that all such clients have remained with her business and that some have added properties. Ritter testified that she regretted not seeing the issues earlier but that she was happy about how much the business has turned around. Ritter testified specifically to each count as set forth by count below.

COUNT I

*Ritter and RGC failed to adequately maintain  
their property management rental escrow account*

10. The MREC's audit revealed various overages and shortages during the audit period, resulting in a net shortage of \$6,611.08 in the property management rental escrow account. The account overages and shortages are as follows:

- a. An unexplained deposit on February 7, 2011, of \$385.00, resulting in an overage, which could not be found to have been credited to any owner;
- b. A \$315.00 shortage, booked to owner and disbursed as owner proceeds in January 2011, due to the failure to transfer a forfeited security deposit from the escrow account to the operating account;
- c. A \$125.00 shortage due to double payment to a vendor in error and charged only once to an owner;
- d. A \$2,798.79 shortage due to negative owner balances not corrected from the prior audit;

- e. A \$1,006.00 shortage due to bank fees from July 2010 through June 2011;
- f. A \$900 shortage due to a security deposit paid out of the rental account in error;
- g. A \$425.00 shortage due to forfeited security deposits paid to the owner in excess of amount collected from tenant;
- h. A \$1,426.29 shortage which cannot be identified.

11. Ritter admitted at hearing the findings in paragraph 10 a – c, and 10 e – h, above. Ritter denied the finding in paragraph 10 d above. Counsel for the MREC then presented the testimony of MREC examiner, Dave Thomas, along with documentation, supporting the finding in paragraph 10 d above regarding the shortage and the prior audit. Ritter's testimony regarded why the referenced shortage occurred but did not dispute its existence.

12. Based on the above stated overages and shortages, Respondents failed to maintain the funds of others and/or commingled personal funds and/or other funds.

13. Respondents failed to maintain the records of their property management rental escrow account in a manner such that overages and shortages would not occur and the adequacy thereof could be determined at any time.

14. Respondents failed to adequately maintain their property management rental escrow account.

## COUNT II

### Ritter and RGC failed to adequately maintain their security deposit escrow account

15. The MREC's subsequent audit revealed various overages and shortages, resulting in a net overage of \$16,522.69, in their security deposit escrow account. The account overages and shortages are as follows:

- a. A \$775 overage due to security deposits held on behalf of an owner without a property management agreement;

- b. A \$380.00 overage due to money held in violation of the property management agreement;
  - c. A \$3,345 overage due to security deposits held on behalf of an owner in violation of the property management agreement;
  - d. A \$1,300.00 shortage on security deposits not held as specified in the property management agreement with Owner E.F. Kinder; and
  - e. A \$13,322.69 overage which cannot be identified.
16. Ritter admitted at hearing to the findings in paragraph 15 a – e, above.
17. Based on the above stated overages and shortages, Respondents failed to maintain the funds of others and/or commingled personal funds and/or other funds.
18. Respondents failed to maintain the records of their security deposit escrow account in a manner such that overages and shortages would not occur and the adequacy thereof could be determined at any time.

### COUNT III

#### Ritter and RGC managed property without a current written agreement and failed to secure written authorization to hold another's money

19. The MREC's subsequent audit revealed that property was managed without a current written agreement, and that money was held without written authorization, in the following instances:
- a. 3035 Themis St., Cape Girardeau, MO 63701, owned by James and Esther Ressel;
  - b. 3005 Themis St., Cape Girardeau, MO 63701, owned by James and Esther Ressel;
  - c. 2831 Whitener St., Cape Girardeau, MO 63701, owned by James and Esther Ressel;
  - d. 2835 Whitener St., Cape Girardeau, MO 63701, owned by James and Esther Ressel; and

- e. 807 E. Rodney Dr., Cape Girardeau, MO 63701, owned by Daniel and Debbie Jo Bates.
- 20. Ritter admitted at hearing to the findings in paragraph 19 a – e, above.
- 21. The MREC's subsequent audit revealed that Respondents collected \$412.50 in security deposits for property located at 425 East Lane, Jackson, Missouri, in violation of the property management agreement.
- 22. Respondents failed to have a current written management agreement for the properties as mentioned above.

COUNT IV

Ritter and RGC failed to disclose brokerage relationship

- 23. The MREC's subsequent audit revealed that the Respondents' brokerage relationship was not disclosed in writing within the lease in the following instances:
  - a. 1340 Cape Rock, #3, Cape Girardeau, MO 63701;
  - b. 338 E. Cape Rock, #3, Cape Girardeau, MO 63701;
  - c. 1340 W. Cape Rock, #8, Cape Girardeau, MO 63701;
  - d. 911 Davis, #2, Sikeston, MO 63801;
  - e. 911 Davis, #8, Sikeston, MO 63801;
  - f. 911 Davis, #11, Sikeston, MO 63801;
  - g. 913 Davis, Sikeston, MO 63801;
  - h. 313 N. Fountain, #4, Cape Girardeau, MO 63701;
  - i. 313 N. Fountain, #9, Cape Girardeau, MO 63701;
  - j. 1112 Hidden Valle, Cape Girardeau, MO 63701;
  - k. 2802 Independence, #1, Cape Girardeau, MO 63703;
  - l. 2802 Independence, #11, Cape Girardeau, MO 63703;
  - m. 2806 Independence, #2, Cape Girardeau, MO 63703;

- n. 2806 Independence, #7, Cape Girardeau, MO 63703;
  - o. 2806 Independence, Cape Girardeau, MO 63703;
  - p. 2806 Independence, #10, Cape Girardeau, MO 63703;
  - q. 2907 Lear, Cape Girardeau, MO 63701;
  - r. 308 Ohio, #1, Jackson, MO 63755;
  - s. 308 Ohio, #4, Jackson, MO 63755; and
  - t. 308 S. Ohio, #5, Jackson, MO 63755.
24. Ritter admitted at hearing to the findings in paragraph 23 a – t, above.
25. Respondents failed to reveal the brokerage relationship in writing.

COUNT V

Ritter and RGC failed to retain certain necessary documents

26. The MREC's subsequent audit revealed that Respondent and Respondent's brokerage failed to retain the following records:
- a. Copies of seventeen checks from Respondents' rental escrow account, located at Regions Bank, account no. xxxxx9368, including:
    - i. Voided check, check no. 5240;
    - ii. Check 5215, which was not on the register;
    - iii. Check 5237, which was not on the register;
    - iv. Voided check, check no. 5264;
    - v. Voided check, check no. 5292;
    - vi. Voided check, check no. 5382;
    - vii. Voided check, check no. 5402;
    - viii. Voided check, check no. 5485;
    - ix. Check 5499, which was not on the register;
    - x. Voided check, check no. 5497;



- xi. Voided check, check no. 5503;
- xii. Check 5537 which was not on the register;
- xiii. Voided check, check no. 5574;
- xiv. Voided check, check no. 5626;
- xv. Voided check, check no. 5632;
- xvi. Voided check, check no. 5634; and
- xvii. Voided check, check no. 5636.

b. Final bank statements for Respondents' operating escrow account, located at Regions Bank, account no. xxxxx5918, for the months of March, April, May and June 2010.

c. Copies of four checks from Respondent's security deposit escrow account, located at Regions Bank, account no. \*\*\*\*\*9376, including:

- i. Voided check, check no. 1508;
- ii. Voided check, check no. 1511;
- iii. Voided check, check no. 1516; and
- iv. Voided check, check no. 1518.

27. Ritter admitted at hearing to the findings in paragraph 26 a – c, above.

28. Respondents failed to retain the property management documentation outlined above for three years is in violation of 20 CSR 2250-8.160(2), § 339.100.2(15), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

29. Respondents violated 20 CSR 2250-8.160(2), by failing to retain the property management documentation outlined above for three years, which is grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of

the public, in violation of § 339.100.2(16) RSMo, and paragraph (H) of the Settlement Agreement referenced above and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

30. Respondents failed to retain the property management documentation outlined above for three years which constitutes incompetence, in violation of § 339.100.2(19), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

31. On or about January 24, 2013, as a result of the foregoing, a Probation Violation Complaint was filed with the MREC alleging that grounds existed for additional disciplinary action against Respondents' Missouri real estate licenses, pursuant to § 324.042, RSMo.

32. The MREC set this matter for hearing and served notice of this disciplinary hearing upon Respondents in a proper and timely fashion.

33. Respondents were properly and timely notified of the MREC's June 5, 2013 hearing. Respondent Laura J. Ritter was present and was not represented by legal counsel. RGC Property Mgt. Group, LLC did not appear through legal counsel or otherwise.

## **II.**

### **CONCLUSIONS OF LAW**

34. Pursuant to § 324.042, RSMo, the MREC has authority to impose additional discipline against Respondents Laura J. Ritter and RGC Property Mgt. Group, LLC for violating any disciplinary terms previously imposed pursuant to the Settlement Agreement.

35. Section 324.042, RSMo, provides:

Any board, commission or committee within the division of professional registration may impose additional discipline when it finds after hearing that a licensee, registrant or permittee has violated any disciplinary terms previously imposed or agreed to pursuant to settlement. The board, commission or committee may impose as additional discipline, any discipline it would be authorized to impose in an initial disciplinary hearing.

36. Section 339.100.3, RSMo, provides the MREC may discipline a real estate license after an initial disciplinary hearing by revoking, probating or suspending said license or by imposing a civil penalty not to exceed \$2,500 for each offense.

37. Section 339.205, RSMo, provides the MREC may discipline a real estate license after an initial disciplinary hearing through an order imposing a civil penalty not to exceed \$2,500 for each offense.

38. In Count I, based on the stated overages and shortages, Respondents failed to maintain the funds of others and/or commingled personal funds and/or other funds in violation of § 339.105.1, RSMo, and therefore, cause exists for further discipline pursuant to § 324.024, RSMo.

39. Section 339.105.1, RSMo, states:

Each broker who holds funds belonging to another shall maintain such funds in a separate bank account in a financial institution which shall be designated an escrow or trust account. This requirement includes funds in which he or she may have some future interest or claim. Such funds shall be deposited promptly unless all parties having an interest in the funds have agreed otherwise in writing. No broker shall commingle his or her personal funds or other funds in this account with the exception that a broker may deposit and keep a sum not to exceed one thousand dollars in the account from his or her personal funds, which sum shall be specifically identified and deposited to cover service charges related to the account.

40. A broker must maintain all accounts that hold the property of another in a manner so that the adequacy thereof may be ascertained at any time pursuant to § 339.105.3, RSMo, which states:

In conjunction with each escrow or trust account a broker shall maintain books, records, contracts and other necessary documents so that the adequacy of said account may be determined at any time. The account and other records shall be provided to the commission and its duly authorized agents for inspection at all times during regular business hours at the broker's usual place of business.

41. In Count I, Respondents failed to maintain the records of their property management rental escrow account in a manner such that overages and shortages would not occur and the adequacy thereof could be determined at any time is a violation of §§ 339.105.3, 339.100.2(1) and (15), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline of Respondents' licenses pursuant to § 324.042, RSMo.

42. In Count I, Respondents violated §§ 339.105.3, 339.105.1, and 339.100.2(1) and (15), RSMo, by failing to adequately maintain their property management rental escrow account, which is grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public and violates § 339.100.2(16), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

43. In Count I, Respondents failed to maintain the records of their property management rental escrow account in a manner such that overages and shortages would not occur, and the adequacy thereof could be determined at any time, which constitutes untrustworthy, improper and/or fraudulent business dealings, demonstrates bad faith and/or incompetence, misconduct, and/or gross negligence in violation § 339.100.2(19), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

44. In Count II, based on the stated overages and shortages, Respondents failed to maintain the funds of others and/or commingled personal funds and/or other funds in violation of § 339.105.1, RSMo, as stated above, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline of Respondents' licenses pursuant to

§ 324.042, RSMo.

45. In Count II, Respondents' failure to maintain the records of their security deposit escrow account in a manner such that overages and shortages would not occur and the adequacy thereof could be determined at any time is a violation of §§ 339.105.3 and 339.100.2(1) and (15), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, provides cause for further discipline of Respondents' licenses pursuant to § 324.042, RSMo.

46. In Count II, Respondents violated §§ 339.100.5, 339.105.1, and 339.100.2(1) and (15), RSMo, by failing to adequately maintain their security deposit escrow account which provides grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

47. In Count II, Respondents failed to maintain the records of their security deposit escrow account in a manner such that overages and shortages would not occur, and the adequacy thereof could be determined at any time which constitutes untrustworthy, improper and/or fraudulent business dealings, demonstrates bad faith and/or incompetence, misconduct, and/or gross negligence, in violation of § 339.100.2(19), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

48. In Count III, Respondents' collection of security deposits in violation of the property management agreement is in violation of § 339.730.1(1), RSMo, which states:

A licensee representing a seller or landlord as a seller's agent or a landlord's agent shall be a limited agent with the following duties and obligations:

(1) To perform the terms of the written agreement made with the client[.]

49. In Count III, Respondents violated § 339.730.1(1), RSMo, which constitutes a violation of § 339.100.2(15), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

50. A broker must have a current written management agreement when managing another's property pursuant to § 339.780.2, RSMo, and 20 CSR 2250-8.200(1).

51. In Count III, Respondents failed to have a current written management agreement in violation of §§ 339.780.2, 339.100.2(15), RSMo, and 20 CSR 2250-8.200(1), and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline of Respondents' licenses pursuant to § 324.042, RSMo.

52. In Count III, Respondents violated §§ 339.780.2, 339.100.2(15), RSMo, and 20 CSR 2250-8.200(1), by failing to have a current written management agreement, providing grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

53. In Count III, Respondents failed to have a current written management agreement for the properties as mentioned above, which constitutes untrustworthy, improper and/or fraudulent business dealings, demonstrates bad faith and/or incompetence, misconduct, and/or gross negligence, in violation of § 339.100.2(19), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

54. A licensee's brokerage relationship must be revealed in writing pursuant to 20

CSR 2250-8.096(1), which states:

Licensees acting with or without a written agreement for brokerage services pursuant to sections 339.710 to 339.860, RSMo, are required to have such relationships confirmed in writing by each party to the real estate transaction on or before such party's first signature to the real estate contract. Nothing contained herein prohibits the written confirmation of brokerage relationships from being included or incorporated into the real estate contract, provided that any addendum or incorporated document containing the written confirmation must include a separate signature section for acknowledging the written confirmation that shall be signed and dated by each party to the real estate transaction.

55. In Count IV, Respondents failed to reveal the brokerage relationship in writing in violation of 20 CSR 2250-8.096(1), § 339.100.2(15), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

56. In Count IV, Respondents violated 20 CSR 2250-8.096(1), by failing to reveal the brokerage relationship in writing, which is grounds for denial under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

57. In Count IV, Respondents failed to reveal the brokerage relationship in writing which constitutes untrustworthy, improper or fraudulent business dealings, demonstrates bad faith or incompetence, misconduct, or gross negligence § 339.100.2(19), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

58. Brokers must retain property management documentation for three years pursuant to 20 CSR 2250-8.160(2), which states:

Every broker shall retain for a period of at least three (3) years true copies of all property management agreements, correspondence or other written authorization relating to each real estate transaction relating to leases, rentals or management activities the broker has handled. The broker must also retain all business books, accounts and records unless these records are released to the owner(s) or transferred to another broker by written detailed receipt or transmittal letter agreed to in writing by all parties to the transaction.

59. In Count V, Respondents failed to retain the property management documentation outlined above for three years is in violation of 20 CSR 2250-8.160(2), § 339.100.2(15), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

60. In Count V, Respondents violated 20 CSR 2250-8.160(2), by failing to retain the property management documentation outlined above for three years, which is grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16) RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

61. In Count V, Respondents failed to retain the property management documentation outlined above for three years which constitutes incompetence, in violation § 339.100.2(19), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and therefore, cause exists for further discipline pursuant to § 324.042, RSMo.

62. The MREC finds Respondents have violated the terms and conditions of the Settlement Agreement as a result of the conduct identified in the Findings of Fact herein.

63. The MREC has determined that this Order is necessary to ensure the protection of the public.



### **III.**

#### **ORDER**

Therefore, having fully considered all the evidence before the MREC, it is the ORDER of the MREC that:

64. The real estate licenses of Respondents, Laura J. Ritter, license numbers 2002030915 and 2006011043, and RGC Property Mgt. Group, LLC, license number 2006011049 are hereby placed on an additional year of PROBATION extending the probation set out in the Settlement Agreement through November 4, 2014, subject to continuation of the terms and conditions set forth in the Settlement Agreement. Additionally, Respondents must, within thirty days of this Order, submit written proof to the MREC office that Respondents have submitted the funds for which they have been unable to identify proper ownership (\$13,322.69) to Missouri Unclaimed Property via the Missouri State Treasurer Clint Zweifel, Unclaimed Property, 301 W. High Street, Room 157, P.O. Box 1272, Jefferson City, Missouri 65102-1272. More information regarding Missouri unclaimed property may be accessed at: <http://www.treasurer.mo.gov/content/find-your-property/reporting-unclaimed-property#faq9>.

65. Upon the expiration and successful completion of the disciplinary terms, Respondent's license shall be fully restored if all other requirements of law have been satisfied; provided, however, that in the event the MREC determines that Respondents have violated any term or condition of this Order, the MREC may, in its discretion, after an evidentiary hearing, suspend, revoke, or otherwise lawfully discipline Respondents' real estate license(s).

66. The MREC retains jurisdiction to hold a hearing at any time to determine if a violation of this Order has occurred and, if a violation of this Order has occurred, may seek to amend this Order or impose further disciplinary or appropriate action at the discretion of the

MREC. No order shall be entered by the MREC pursuant to this paragraph without any required notice and opportunity for a hearing before the MREC as provided by chapter 536, RSMo.

67. Any failure of Respondent to comply with any condition of discipline set forth herein constitutes a violation of this Order.

68. The MREC will maintain this Order as an open record of the MREC as provided in Chapters 339, 610, and 324, RSMo.

So Ordered this 28<sup>th</sup> day of June, 2013.



Janet Carder  
Executive Director  
Missouri Real Estate Commission

BEFORE THE  
MISSOURI REAL ESTATE COMMISSION

MISSOURI REAL ESTATE  
COMMISSION  
3605 Missouri Boulevard  
P.O. Box 1339  
Jefferson City, MO 65102

Petitioner,

v.

R.G.C. PROPERTY MGT. GROUP, L.L.C.  
1217 N Kingshighway, Suite 120  
Cape Girardeau, MO 63701

Serve on: Craig M. Billmeyer  
3113 Independence St.  
Cape Girardeau, 63703

and

LAURA J. RITTER  
1340 Platinum Ct.  
Cape Girardeau, 63701

Respondents.

No. DT-1011318

RECEIVED

JAN 24 2013

MREC  
*Filed*

**PROBATION VIOLATION COMPLAINT**

Petitioner, Missouri Real Estate Commission ("MREC"), by and through its attorney, the Attorney General of Missouri, states its cause of action against R.G.C. Property Mgt. Group, L.L.C. ("RGC") and Laura J. Ritter ("Ritter"):

1. The MREC is an agency of the state of Missouri created and existing pursuant to § 339.120, RSMo, for the purpose of executing and enforcing the provisions

of §§ 339.010 to 339.180 and §§ 339.710 to 339.860, RSMo 2000 (as amended), relating to real estate salespersons and brokers.

2. Laura J. Ritter holds two real estate licenses. She holds a real estate broker associate license, no. 2002030915, and a real estate broker officer license, no. 2006011043. Ritter's licenses were current and active at all times herein.

3. R.G.C. Property Mgt. Group, L.L.C., located at 3113 Independence St., Cape Girardeau, MO 63703, is licensed as a real estate association, license no. 2006011049. RGC's license was current and active at all times herein.

4. Ritter is the designated broker for RGC, and, as such, bears responsibility for her own conduct as well as that of RGC and its affiliates.

5. On or about September 29, 2010, Ritter and RGC signed a Settlement Agreement agreeing to place their respective licenses on probation for a period of three years. The Settlement Agreement became effective on November 4, 2010, fifteen days after the Settlement Agreement was fully executed, as signified by the signature of the Executive Director of the MREC.

6. The MREC has jurisdiction over this matter pursuant to § 324.042, RSMo, which states:

Any board, commission or committee within the division of professional registration may impose additional discipline when it finds after hearing that a licensee, registrant or permittee has violated any disciplinary terms previously imposed or agreed to pursuant to settlement. The board, commission or committee may impose as additional discipline, any discipline it would be authorized to impose in an initial disciplinary hearing.

7. The MREC also retains jurisdiction over this matter pursuant to paragraph 40 of the Settlement Agreement, which states:

If any alleged violation of this Settlement Agreement occurred during the disciplinary period, the parties agree that the MREC may choose to conduct a hearing before it either during the disciplinary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. Ritter and RGC agrees [sic] and stipulates that the MREC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

8. In July and August of 2011, the MREC conducted a subsequent audit of RGC and Ritter's real estate practice as required by paragraph 35(A) of the Settlement Agreement, which states:

Ritter and RGC shall allow the MREC to conduct an examination and re-audit of the real estate records of Ritter and RGC within six months of the effective date of this settlement agreement. The re-audit will cover the period of the prior audit(s) that are the subject of this Settlement Agreement and the period since the end of the prior audit period. The purpose of the re-audit will be to assure that Ritter and RGC have corrected the deficiencies and violations discovered and noted in the examination and audit of RGC for the period of August 2008 through September 2009 and to evaluate their compliance with all relevant provisions of Chapter 339, RSMo, as amended, all rules and regulations duly promulgated thereunder, and all local, state, and federal laws since the end of the prior audit period. The MREC reserves the right to proceed on any uncorrected deficiencies and violations from the August through September 2009 audit.

9. Respondents conduct, as alleged herein, provides cause to further discipline their licenses under § 324.042, RSMo Supp. 2011, based on violations of § 339.100.2(1), (15), (16), and (19), RSMo Supp. 2011, which state:

2. The commission may cause a complaint to be filed with the administrative hearing commission as provided by the provisions of chapter 621, RSMo, against any person or entity licensed under this chapter or any licensee who has failed to renew or has surrendered his or her individual or entity license for any one or any combination of the following acts:

(1) Failure to maintain and deposit in a special account, separate and apart from his or her personal or other business accounts, all moneys belonging to others entrusted to him or her while acting as a real estate broker or as the temporary custodian of the funds of others, until the transaction involved is consummated or terminated, unless all parties having an interest in the funds have agreed otherwise in writing;

....

(15) Violation of, or attempting to violate, directly or indirectly, or assisting or enabling any person to violate, any provision of sections 339.010 to 339.180 and sections 339.710 to 339.860\*, or of any lawful rule adopted pursuant to sections 339.010 to 339.180 and sections 339.710 to 339.860\*;

(16) Committing any act which would otherwise be grounds for the commission to refuse to issue a license under section 339.040;

...

(19) Any other conduct which constitutes untrustworthy, improper or fraudulent business dealings, demonstrates bad faith or incompetence, misconduct, or gross negligence[.]

10. Respondents' conduct, as alleged herein, provides cause to further discipline their licenses under § 324.042, RSMo Supp. 2011, based on violations of paragraph (H) of Respondent's Settlement Agreement, which states:

Ritter and RGC shall comply with all relevant provisions of Chapter 339, RSMo, as amended, all rules and regulations duly promulgated thereunder, all local, state, and federal laws. "State" as used herein includes the State of Missouri and all other states and territories of the United States.

11. Section 339.040, RSMo Supp. 2011, states:

Licenses shall be granted only to persons who present, and corporations, associations, partnerships, limited partnerships, limited liability companies, and professional corporations whose officers, managers, associates, general partners, or members who actively participate in such entity's brokerage, broker-salesperson, or salesperson business present, satisfactory proof to the commission that they:

(1) Are persons of good moral character; and

(2) Bear a good reputation for honesty, integrity, and fair dealing; and

(3) Are competent to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public.

12. On or about July 25, 2011, through August 8, 2011, the MREC performed a re-audit of RGC's real estate business conducted in between July 2010 and July 2011. The re-audit examined two escrow accounts belonging to RGC. RGC maintains a security deposit escrow account, account no. xxxxxx9376, located at Regions Bank ("Security Deposit Escrow Account"). RGC also maintains a property management rental escrow account,

account no. xxxxxx9368, located at Regions Bank (“Property Management Rental Escrow Account”).

**COUNT I.**

**Ritter and RGC’s failure to adequately maintain their property management rental escrow account provides cause for further discipline.**

13. The MREC hereby re-alleges and incorporates paragraphs 1 through 12 of this Probation Violation Complaint as through fully set forth herein.

14. The MREC’s audit revealed various overages and shortages during the audit period, resulting in a net shortage of \$6,611.08 in the property management rental escrow account. The account overages and shortages are as follows:

- a. An unexplained deposit on February 7, 2011, of \$385.00, resulting in an overage, which could not be found to have been credited to any owner;
- b. A \$315.00 shortage, booked to owner and disbursed as owner proceeds in January 2011, due to the failure to transfer a forfeited security deposit from the escrow account to the operating account;
- c. A \$125.00 shortage due to double payment to a vendor in error and charged only once to an owner;
- d. A \$2,798.79 shortage due to negative owner balances not corrected from the prior audit;
- e. A \$1,006.00 shortage due to bank fees from July 2010 through June 2011;



- f. A \$900 shortage due to a security deposit paid out of the rental account in error;
- g. A \$425.00 shortage due to forfeited security deposits paid to the owner in excess of amount collected from tenant;
- h. A \$1,426.29 shortage which cannot be identified.

15. Based on the above stated overages and shortages, Respondents' failed to maintain the funds of others and/or commingled personal funds and/or other funds in violation of § 339.105.1, RSMo Supp. 2011, and provides cause for further discipline pursuant to § 324.024, RSMo Supp. 2011. Section 339.105.1, RSMo Supp. 2011, states:

Each broker who holds funds belonging to another shall maintain such funds in a separate bank account in a financial institution which shall be designated an escrow or trust account. This requirement includes funds in which he or she may have some future interest or claim. Such funds shall be deposited promptly unless all parties having an interest in the funds have agreed otherwise in writing. No broker shall commingle his or her personal funds or other funds in this account with the exception that a broker may deposit and keep a sum not to exceed one thousand dollars in the account from his or her personal funds, which sum shall be specifically identified and deposited to cover service charges related to the account.

16. A broker must maintain all accounts that hold the property of another in a manner so that the adequacy thereof may be ascertained at any time pursuant to § 339.105.3, RSMo Supp. 2011, which states:

In conjunction with each escrow or trust account a broker shall maintain books, records, contracts and other necessary documents so that the adequacy of said account may be

determined at any time. The account and other records shall be provided to the commission and its duly authorized agents for inspection at all times during regular business hours at the broker's usual place of business.

17. Respondents' failure to maintain the records of their property management rental escrow account in a manner such that overages and shortages would not occur and the adequacy thereof could be determined at any time is a violation of §§ 339.105.3, 339.100.2(1) and (15), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline of Respondents' licenses pursuant to § 324.042, RSMo Supp. 2011.

18. Respondents' violation of Missouri Law, to wit: §§ 339.105.3, 339.105.1, and 339.100.2(1) and (15), RSMo Supp. 2011, by failing to adequately maintain their property management rental escrow account, would be grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, thus violating § 339.10.2(16), RSMo, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

19. Respondents' failure to maintain the records of their property management rental escrow account in a manner such that overages and shortages would not occur, and the adequacy thereof could be determined at anytime, constitutes untrustworthy, improper and/or fraudulent business dealings, demonstrates bad faith and/or incompetence,

misconduct, and/or gross negligence in violation § 339.100.2(19), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

**COUNT II.**

**Ritter and RGC's failure to adequately maintain their security deposit escrow account provides for further cause for discipline.**

20. The MREC hereby re-alleges and incorporates paragraphs 1 through 19 of this Probation Violation Complaint as though fully set forth herein.

21. The MREC's subsequent audit revealed various overages and shortages, resulting in a net overage of \$16,522.69, in their security deposit escrow account. The account overages and shortages are as follows:

- a. A \$775 overage due to security deposits held on behalf of an owner without a property management agreement;
- b. A \$380.00 overage due to money held in violation of the property management agreement;
- c. A \$3,345 overage due to security deposits held on behalf of an owner in violation of the property management agreement;
- d. A \$1,300.00 shortage on security deposits not held as specified in the property management agreement with Owner E.F. Kinder; and
- e. A \$13,322.69 overage which cannot be identified.

22. Based on the above stated overages and shortages, Respondents' failed to maintain the funds of others and/or commingled personal funds and/or other funds in violation of § 339.105.1, RSMo Supp. 2011, as stated above, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline of Respondents' licenses pursuant to § 324.042, RSMo Supp. 2011.

23. Respondents' failure to maintain the records of their security deposit escrow account in a manner such that overages and shortages would not occur and the adequacy thereof could be determined at any time is a violation of §§ 339.105.3 and 339.100.2(1) and (15), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline of Respondents' licenses pursuant to § 324.042, RSMo Supp. 2011.

24. Respondents' violation of Missouri Law, to wit: §§ 339.100.5, 339.105.1, and 339.100.2(1) and (15), RSMo, by failing to adequately maintain their security deposit escrow account would be grounds for the MREC to refuse to issue a license under § 339.040, RSMo, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

25. Respondents' failure to maintain the records of their security deposit escrow account in a manner such that overages and shortages would not occur, and the adequacy thereof could be determined at anytime constitutes untrustworthy, improper and/or fraudulent business dealings, demonstrates bad faith and/or incompetence, misconduct, and/or gross negligence, in violation of § 339.100.2(19), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

**COUNT III:**

**Ritter and RGC's management of property without a current written agreement and failure to secure written authorization to hold another's money provides for further cause for discipline.**

26. The MREC hereby realleges and incorporates paragraphs 1 through 25 of this Probation Violation Complaint as though fully set forth herein.

27. The MREC's subsequent audit revealed that property was managed without a current written agreement, and that money was held without written authorization, in the following instances:

- a. 3035 Themis St., Cape Girardeau, MO 63701, owned by James and Esther Ressel;
- b. 3005 Themis St., Cape Girardeau, MO 63701, owned by James and Esther Ressel;
- c. 2831 Whitener St., Cape Girardeau, MO 63701, owned by James and Esther Ressel;

d. 2835 Whitener St., Cape Girardeau, MO 63701, owned by James and Esther Ressel; and

e. 807 E. Rodney Dr., Cape Girardeau, MO 63701, owned by Daniel and Debbie Jo Bates.

28. The MREC's subsequent audit revealed that Respondents' collected \$412.50 in security deposits for property located at 425 East Lane, Jackson, Missouri, in violation of the property management agreement.

29. Respondents' collection of security deposits in violation of the property management agreement is in violation of § 339.730.1(1), RSMo Supp. 2011, which states:

A licensee representing a seller or landlord as a seller's agent or a landlord's agent shall be a limited agent with the following duties and obligations:

(1) To perform the terms of the written agreement made with the client[.]

30. Respondents' violation of § 339.730.1(1), as state above, constitutes a violation of § 339.100.2(15), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

31. A broker must have a current written management agreement when managing another's property pursuant to § 339.780.2, RSMo Supp. 2011, and 20 CSR 2250-8.200(1), as stated above.

32. Respondents' failure to have a current written management agreement is in violation of §§ 339.780.2, 339.100.2(15), RSMo Supp. 2011, and 20 CSR 2250-8.200(1), and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline of Respondents' licenses pursuant to § 324.042, RSMo Supp. 2011.

33. Respondents' violation of Missouri Law, to wit: §§ 339.780.2, 339.100.2(15), RSMo Supp. 2011, and 20 CSR 2250-8.200(1), by failing to have a current written management agreement, would be grounds for the MREC to refuse to issue a license under § 339.040, RSMo Supp. 2011, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

34. Respondents' failure to have a current written management agreement for the properties as mentioned above, constitutes untrustworthy, improper and/or fraudulent business dealings, demonstrates bad faith and/or incompetence, misconduct, and/or gross negligence, in violation of § 339.100.2(19), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

**COUNT IV:**  
**Ritter and RGC's failure to disclose brokerage relationship provides cause for**  
**further discipline.**

35. MREC hereby realleges and incorporates paragraphs 1 through 34 of this Probation Violation Complaint as though fully set forth herein.

36. The MREC's subsequent audit revealed that the Respondents' brokerage relationship was not disclosed in writing within the lease in the following instances:

- a. 1340 Cape Rock, #3, Cape Girardeau, MO 63701;
- b. 338 E. Cape Rock, #3, Cape Girardeau, MO 63701;
- c. 1340 W. Cape Rock, #8, Cape Girardeau, MO 63701;
- d. 911 Davis, #2, Sikeston, MO 63801;
- e. 911 Davis, #8, Sikeston, MO 63801;
- f. 911 Davis, #11, Sikeston, MO 63801;
- g. 913 Davis, Sikeston, MO 63801;
- h. 313 N. Fountain, #4, Cape Girardeau, MO 63701;
- i. 313 N. Fountain, #9, Cape Girardeau, MO 63701;
- j. 1112 Hidden Valle, Cape Girardeau, MO 63701;
- k. 2802 Independence, #1, Cape Girardeau, MO 63703;
- l. 2802 Independence, #11, Cape Girardeau, MO 63703;
- m. 2806 Independence, #2, Cape Girardeau, MO 63703;
- n. 2806 Independence, #7, Cape Girardeau, MO 63703;



- o. 2806 Independence, Cape Girardeau, MO 63703;
- p. 2806 Independence, #10, Cape Girardeau, MO 63703;
- q. 2907 Lear, Cape Girardeau, MO 63701;
- r. 308 Ohio, #1, Jackson, MO 63755;
- s. 308 Ohio, #4, Jackson, MO 63755; and
- t. 308 S. Ohio, #5, Jackson, MO 63755.

37. A licensee's brokerage relationship must be revealed in writing pursuant to 20 CSR 2250-8.096(1), which states:

Licensees acting with or without a written agreement for brokerage services pursuant to sections 339.710 to 339.860, RSMo, are required to have such relationships confirmed in writing by each party to the real estate transaction on or before such party's first signature to the real estate contract. Nothing contained herein prohibits the written confirmation of brokerage relationships from being included or incorporated into the real estate contract, provided that any addendum or incorporated document containing the written confirmation must include a separate signature section for acknowledging the written confirmation that shall be signed and dated by each party to the real estate transaction.

38. Respondents' failure to reveal the brokerage relationship in writing in violation of 20 CSR 2250-8.096(1), § 339.100.2(15), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

39. Respondents violation of 20 CSR 2250-8.096(1), by failing to reveal the brokerage relationship in writing, is grounds for denial under § 339.040, RSMo Supp. 2011,

as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

40. Respondents' failure to reveal the brokerage relationship in writing constitutes untrustworthy, improper or fraudulent business dealings, demonstrates bad faith or incompetence, misconduct, or gross negligence § 339.100.2(19), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

**COUNT V:**

**Ritter and RGC's failure to retain certain necessary documents provides cause for further discipline.**

41. MREC hereby realleges and incorporates paragraphs 1 through 40 of this Probation Violation Complaint as though fully set forth herein.

42. The MREC's subsequent audit revealed that Respondent and Respondent's brokerage failed to retain the following records:

- a. Copies of seventeen checks from Respondents' rental escrow account, located at Regions Bank, account no. xxxxx9368, including:
  - i. Voided check, check no. 5240;
  - ii. Check 5215 which was not on the register;

- iii. Check 5237 which was not on the register;
- iv. Voided check, check no. 5264;
- v. Voided check, check no. 5292;
- vi. Voided check, check no. 5382;
- vii. Voided check, check no. 5402;
- viii. Voided check, check no. 5485;
- ix. Check 5499 which was not on the register;
- x. Voided check, check no. 5497;
- xi. Voided check, check no. 5503;
- xii. Check 5537 which was not on the register;
- xiii. Voided check, check no. 5574;
- xiv. Voided check, check no. 5626;
- xv. Voided check, check no. 5632;
- xvi. Voided check, check no. 5634; and
- xvii. Voided check, check no. 5636.

- b. Final bank statements for Respondents' operating escrow account, located at Regions Bank, account no. xxxxx5918, for the months of March, April, May and June 2010.
- c. Copies of four checks from Respondent's security deposit escrow account, located at Regions Bank, account no. \*\*\*\*\*9376, including:

- i. Voided check, check no. 1508;
- ii. Voided check, check no. 1511;
- iii. Voided check, check no. 1516; and
- iv. Voided check, check no. 1518.

43. Brokers must retain property management documentation for three years pursuant to 20 CSR 2250-8.160(2), which states:

Every broker shall retain for a period of at least three (3) years true copies of all property management agreements, correspondence or other written authorization relating to each real estate transaction relating to leases, rentals or management activities the broker has handled. The broker must also retain all business books, accounts and records unless these records are released to the owner(s) or transferred to another broker by written detailed receipt or transmittal letter agreed to in writing by all parties to the transaction.

44. Respondents failure to retain the property management documentation outlined above for three years is in violation of 20 CSR 2250-8.160(2), § 339.100.2(15), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

45. Respondents' violation of 20 CSR 2250-8.160(2), by failing to retain the property management documentation outlined above for three years, would be grounds for the MREC to refuse to issue a license under § 339.040, RSMo Supp. 2011, as Respondents' conduct demonstrates a lack of competence to transact the business of a broker in such a manner as to safeguard the interest of the public, in violation of § 339.100.2(16) RSMo Supp.

2011, and paragraph (H) of the Settlement Agreement referenced above and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

46. Respondents' failure to retain the property management documentation outlined above for three years constitutes incompetence, in violation § 339.100.2(19), RSMo Supp. 2011, and paragraph (H) of the Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

47. MREC alleges that Counts I, II, III, and IV, standing alone and together, are in violation of § 339.100.2(1), (15), (16), and (19) and paragraph (H) of Respondents' Settlement Agreement referenced above, and, therefore, provides cause for further discipline pursuant to § 324.042, RSMo Supp. 2011.

### **CONCLUSION**

**WHEREFORE**, Petitioner requests the MREC to hold a hearing to determine that violations occurred and to impose further disciplinary action under § 324.042, RSMo, for the violations noted above, and for other such relief as the Commission deems appropriate.

Respectfully submitted,

CHRIS KOSTER  
Attorney General

Daniel K. Jacob  
Assistant Attorney General  
Missouri Bar No. 62164

Supreme Court Building  
207 West High Street  
P.O. Box 899  
Jefferson City, MO 65102  
Telephone: 573-751-7728  
Telefax: 573-751-5660

Attorneys for Petitioner